

17 May 2018

**Active Energy Group Plc ('Active Energy', the 'Company' or the 'Group')**  
**MoU to manage Circa 5 Million Hectares of Natural Forestry Under**  
**Forestry Management Agreements in Alberta, Canada**

Active Energy, the London quoted international biomass based renewable energy and forestry management business, is pleased to announce that its subsidiary, Timberlands International Limited ('Timberlands'), has signed a Memorandum of Understanding ('MoU') to acquire a controlling interest in PowerWood Canada Corp ('PowerWood Canada'), a privately owned Canadian company which holds substantial forestry assets in Alberta, Canada, under Forestry Management Agreements ('FMAs') and Deciduous Cutting Rights issued by the Crown Province of Alberta ('the Crown').

**Overview**

- MoU signed to acquire a controlling interest in PowerWood Canada to secure feedstock and support the proposed roll-out of CoalSwitch™ in the Province of Alberta
- PowerWood Canada holds forestry contracts and FMAs with the Province of Alberta enabling it to utilise 300,000 tonnes of merchantable timber (not including biomass or residues from forestry operations) annually from a total forestry area of circa five million hectares in mature, established, natural forestry in Northern Alberta
- Active Energy, through its subsidiary AEG CoalSwitch Limited, plans to construct a 25 tonnes per hour CoalSwitch™ plant at the site
- The Company believes the CoalSwitch technology can significantly improve forestry economics due to its ability to utilise timber processing waste, forestry residues and aspen, the dominant species in these forests, to produce CoalSwitch fuel and PeatSwitch soil amendments
- Offtake agreements, which are subject to the commencement of production, are in place for this project

**Richard Spinks, Active Energy Chief Executive Officer said,** *"This MoU represents a further step forward in our focused strategy to secure long-term forestry assets and guarantee feedstock volumes to support our planned roll-out of CoalSwitch™ plants in Canada and Europe. I am confident that this arrangement with PowerWood Canada will lead to other governmental and private sector forestry owners signing further commercial agreements with the Company in the near future.*

*"The MoU will see us utilise at least 300,000 tonnes of fibre annually and highlights the scale of the opportunities available to the Group. We believe we have an excellent platform in place from which to scale up our activities and build Active Energy into a leading producer of environmentally friendly, second generation biomass fuels worldwide. I look forward to providing our shareholders with further updates in due course."*

**Terms of MoU**

Under the terms of the MoU, which is subject to a formal contract, Timberlands will acquire a controlling interest in PowerWood Canada based in Alberta, Canada from PowerWood Limited. PowerWood Canada holds several FMAs registered with the Province of Alberta in Canada and Deciduous Cutting Rights issued by the Crown. These allow it to harvest and utilise in excess of 300,000 tonnes annually of merchantable timber and biomass and forestry residues from a total forestry area of approximately five million hectares of established natural forestry in Northern Alberta.

As part of the proposed agreement and subject to available funding, Active Energy will build an initial 25 tonnes per hour CoalSwitch™ plant at the site; this will produce the Company's unique biomass fuel pellet. Offtake agreements are in place subject to production starting.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

**\*\*ENDS\*\***

**Enquiries & Further Information:**

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**About Active Energy Group:**

Active Energy Group Plc (AIM: AEG.L) is a London Stock Exchange-listed international renewable energy business based upon forestry assets. Its model is focussed on capturing the entire forestry

value chain through sourcing, utilising and commercialising assets, and setting a new standard in the sustainable management and optimisation of timber resources. The Company is led by a highly technical and commercial team with the experience to execute its defined growth strategy and build its visibility, primarily as a London-listed timber opportunity with a revolutionary biomass fuel technology.

Active Energy's CoalSwitch™ product is a direct drop-in coal replacement biomass fuel that can be mixed in any ratio with coal fines or completely replace coal in existing coal-fired power stations, without retrofit. The Group believes CoalSwitch™ has the potential to act globally not only as an emissions reductant, but as a sulphur capture and reduction compound. In addition, chemical binders, which have traditionally been used in the global reclaimed coal reclamation sector, are no longer required when utilising CoalSwitch™ pellets. Moreover, some additional savings are possible for power plant operators, as usage of this new alternative coal fuel does not require such intensive desulphurisation and the fuel has lower ash content.